

MINUTES

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

**September 23, 2009
Room 643, Legislative Office Building**

The Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC) met on Wednesday, September 23, 2009 in Room 643 of the Legislative Office Building. Members present were Senator Martin Nesbitt, Co-Chair; Representative Verla Insko, Co-Chair; Senators Austin Allran, Bob Atwater, Doug Berger, James Forrester, Ellie Kinnaird, and William Purcell, and Representatives Martha Alexander, Jeff Barnhart, Beverly Earle, Bob England, Carolyn Justus, and Fred Steen. Advisory members Representative Van Braxton and Representative William Brisson were also present. Representative Pat Hurley and Senator A.B. Swindell were also in attendance.

Lisa Hollowell, Joyce Jones, Gann Watson, Ben Popkin, Shawn Parker, Susan Barham, and Rennie Hobby provided staff support to the meeting. Attached is the Visitor Registration Sheet that is made a part of the minutes. (See Attachment No. 1)

Representative Verla Insko, Co-Chair, called the meeting to order and welcomed members and guests. She introduced new members to the Committee, Senators Doug Berger and Ellie Kinnaird. Representative Insko also introduced Mike Watson who joins the Department of Health and Human Services as the new Assistant Secretary for Mental Health Services Development. She also said that Dr. Patricia Porter would be continuing as a consultant to the LOC. Leza Wainwright, Director of the Division of MH/DD/SAS, was recognized to introduce Stuart Berde, Acting chief of Advocacy and Customer Services and Luckey Welsh, Director of the Division of State Operated Healthcare Facilities. Representative Insko asked for a motion to approve the minutes from the last LOC meeting on February 17, 2009. The motion was made by Senator Purcell and the minutes were approved.

Shawn Parker from the Research Division provided a summary of the ratified legislation from the 2009 Session. (See Attachment No. 2) He addressed relative legislation that was enacted under four general categories – LMEs, Facilities, Involuntary Commitments, and Medicaid appeals.

Next, Lisa Hollowell from the Fiscal Division reviewed major budget actions from the Joint Conference Committee Report on Continuation, Expansion and Capital Budgets. (See Attachment No. 3)

- Total appropriation from General Fund for Division was \$660M, down from over \$800M in the Continuation Budget.
- Positions eliminated – do not have to meet the 350 positions targeted but must meet the money reduction; report will follow later on how this was achieved.

- Items No. 3, 4, and 5 all relate to amount of fund reductions going to LMEs, \$75M for 09/10 which includes an additional \$15M mandated by the Governor of 5% for agencies.
- Consolidation of Case Management - \$41 M in 09/10 and \$72.9M – recurring reductions; impacts mental health and public health; Department to report on comprehensive plan for consolidation.
- LME System Management Funds – Administrative dollars, reduction in State funds \$3M 09/19 and \$3.6M 10/11

Ms. Hollowell then reviewed the summary of the Special Provisions. (See Attachment No. 4) She said that the summary included Special Provisions that had not been addressed or were related to a money item pertaining to the Division on MH/DD/SAS.

Mr. Lanier Cansler, Secretary, Department of Health and Human Services stated that he hoped to address the LOC each month to report on the issues facing DHHS in order to receive input and move forward in a team approach. Secretary Cansler provided a handout "Project Excel" (See Attachments No. 5) and explained the Department is looking at technology, looking at preparedness, analyzing needs and weaknesses, looking at how to strengthen these items, and how to apply more measures to outcomes that are desired. The Secretary provided a second major initiative handout "State Operated Healthcare Facilities: System of Care" (See Attachment No. 6) and explained how State facilities would now operate as a system instead of acting independently; developing consistency across all facilities; maintain consistent high standards; revisit process of allocating funds to LMEs, and well trained employees with ongoing training offered.

The Secretary then addressed the Committee in response to recent legislative directions, some of the items the Secretary spoke to in this presentation include:

- Budget cuts - \$350-\$400M impact to the mental health system.
- Involving perspectives from all stakeholders regarding budget reductions.
- Target dates for cuts for Medicaid items will be missed due to delays in CMS approval and implementation; for every month there is a delay, there is a \$54M increase that must be recognized the remainder of the year.
- \$75M reduction to LMEs including the Governor's cut – reduction to LME was based on formula that took into account the special provision that directed the cut.
- October date to stop new clients into Community Support has been extended to January 1 to allow providers ample time to transition.
- Consolidation of case management difficult but necessary to create system of care that is coordinated.
- New website available in 60 days called "DHHS Open Window" – view of each division's programmatic activities and services, see related budgets showing State and federal dollars, program measures currently in place, contracts associated with those programs, and all the information regarding what the program is and what it does.
- Hope to have restraining order lifted to begin moving patients out of Dix Hospital into Central Regional. Adequate space is not available in new facility for forensic patients or children. Dix will probably maintain 120 patients for a period of time.

- Some responsibilities of the new Secretary of Mental Health Development will be to build capacity; consistency in endorsement process; and coordinate efforts between those providing services, Medicaid, public health, Community Care Network in Rural Health.
- Not closing all of the Level III and IV group homes, mostly those over 16 beds; Department is tracking all children; concerned for those children coming into the system due to limited capacity.
- Case management is not being taken out of public health; there will be less money to work with; public health at the local level will have complete freedom to design a case management program to meet the mutually agreed upon objectives.

After lunch, Representative Insko asked Dr. Craigan Gray, Director of the Division of Medical Assistance, to address the status of Community Support Services (CS). (See Attachment No. 7) Dr. Gray said there were those within the State that felt that CS was one of the biggest entitlement programs ever seen for the vendor, and others have said the service was one of the fundamental mental health supporting mechanisms in the State that needs to continue. He reviewed the cost associated with CS since 2007 and stated that many recipients had been “parked” in CS for a long period of time. Important issues addressed during his presentation included:

- Review of the many lessons learned as DMA refines and redesigns the CS program moving forward in other services.
- Strong collaboration of stakeholders during the CS transition process.
- All 33,000 in CS program will have a discharge plan.
- Improve the quality of the providers by eliminating paraprofessionals in CS.
- Moved date of no new CS admissions from January 1, 2010 to coincide with the implementation of the State Plan Amendment. Objective is to keep a system of mental health support in communities. Also in the State Plan Amendment will be a new refined case management definition. A new peer support definition will be submitted under a different State Plan Amendment.
- Transition date of June 2010 should have the current enrollment of 33,000 down to 2,300 children (EPSDT) and 0 adults.
- The basic philosophy changing the financial target has to do with the value added community based mental health services, not volume added community health services.
- Other programs have overlap in level of services with elements of community support in these programs. (Programs have entry date and exit date thus avoiding the “parking” of patients.)
- Transition allows promotion of quality services and monitor growth – measuring outcomes and refining service definitions.
- Important to break down communication barriers between providers and case managers.
- New Excel Program, a basic management tool which allows DMA to accomplish objectives. Decisions that can be based on real-time data tracking the financial progress and financial scope of all programs comparing month-to-month, year-to-date and benchmark goals of the future. Program will enable all to monitor program.

Dr. Gray was asked why there was so little money shown on the Department's slide for CS funding for FY2009-10. Tara Larson, Chief Clinical Operations Officer, DMA, answered that the remaining funds from CS (after the \$65M reduction) would be spent in other Medicaid categories that offer similar services as CS did. She added there will be new Medicaid service definitions for the Enhanced Community Support and the other lower level services previously provided under CS, will continue to be provided within other existing Medicaid categories. Dr. Gray said he would send a list of all the LMEs and a list of all enhanced services offered in those LMEs. The Department will present specific information on these services at the next LOC meeting showing the breakdown of expenditures within DMA and what those funds will be paying for once CS is gone. Senator Berger requested that the staff detail how much money is available for community based programs once CS is closed. The Committee also requested descriptions of Intensive In Home Services and Multisystemic Therapy. In response, Secretary Cansler suggested that the Department would provide a chart depicting the services that were offered under Community Supports, what the arrays of services are, and how they fit together. Along with that information, Senator Berger said that \$65M was cut in FY 2009-10 and \$95.5M in FY 10-11. Based on information the Department gave the General Assembly the program had \$640M but the projection in the power point was \$449M, allowing for a \$200M difference. He requested reconciliation in the difference.

The Committee as a whole expressed great concern over the availability of alternative services statewide, the lack of a service definition for low needs children, whether there was sufficient time to restructure the transition from CS to other services.

Next, Leza Wainwright, Director of the Division of MHDDSAS, gave an overview of the Community Support transition. (See Attachment No. 8) Ms. Wainwright noted points included in the Special Provision passed as part of the budget.

- Admissions to CS originally planned to stop this October has been changed to January 2010.
- A broad-based steering committee has been convened to help through the transition process.
- Data figures include individuals receiving CS paid for by State funds; fewer children than Medicaid and more adults but a total of less people receiving State funded CS.
- Variability by LME reflects Medicaid eligibility patterns and provider growth patterns.
- East Carolina Behavioral Health and Cherry Hospital have a pilot project with Peer Support group working with consumers transitioning them back into the community.
- Three work groups in steering committee are looking at Comprehensive Service Provider, Endorsement for Replacement Services, Clinical transitions, will complete work by September 30, with full group meeting on October 1.

Secretary Cansler spoke briefly on the Divisions and offices organizational structure. He welcomed and provided brief background information on Mike Watson, Assistant Secretary of Mental Health Services Development who begins work on September 30; Dr. Craigan Gray, Director of DMA; and Luckey Welsh, Director of State Operated Healthcare Facilities.

There being no further business, the meeting adjourned at 3:30 PM.

Senator Martin Nesbitt, Co-Chair

Representative Verla Insko, Co-Chair

Rennie Hobby, Committee Assistant